GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

UNSTARRED QUESTION NO:3690
ANSWERED ON:23.12.2004
TIMELY PAYMENT TO SUPPLIERS
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Will the Minister of DEFENCE be pleased to state:

(a) whether the Canteen Stores Department (CSD) does not pay on time for the supplies made to them despite availing of significant discounts to the market prices and extension of negotiated credit from suppliers;

(b) whether the CSD does not pay any interest to suppliers for overdue payments delayed beyond agreed period of credit;

(c) if so, the reasons therefor;

(d) whether the Canteen Stores Department (CSD) settles dues of suppliers not on basis of date of supply plus agreed period of credit but on discretionary basis leading to favouritism and corruption for out of turn payments;

(e) if so, the reasons for not considering an IT enable system of payments to check/control abuse of power at lower level of CSD organization;

(f) the steps the Government intends to take to remedy the situation and to make the payment system more accountable and transparent;

(g) the current overdue payments of CSD in the aggregate as on October 1, 2004; and

(h) the steps taken by the Government to clear the overdues?

Answer

MINISTER OF DEFENCE (SHRI PRANAB MUKHERJEE)

(a) to (h): A statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (h) OF LOK SABHA UNSTARRED QUESTION NO. 3690 FOR 23.12.2004

The payment system in the Canteen Stores Department (CSD) is transparent. The mode of payment in the CSD is clearly laid out in the terms & conditions of the supply order entered into with the suppliers. The payment is released after 30 working days, from the date of delivery of goods, subject to budgetary allocation and availability of funds. The suppliers are by and large satisfied with the time and mode of payment. The discounts to the market prices and extension of negotiated credit given by the suppliers is as per the norms of the trade. It is also keeping in view the basic aim of the CSD, that is, to make goods available to the jawans, at prices less than the market.

The CSD does not pay any interest to the suppliers for overdue payments. No case has come to notice of the Government, in the recent past, of suppliers seeking interest on overdue payments.

Payments to the suppliers are not made on discretionary basis but is by and large as per the date of delivery of goods by the supplier.

CSD has taken up a Computerization Programme in which all branches of its Head Office at Mumbai, have been computerized. In the second phase, all the 35 depots of the CSD will be on line. This will enable faster linking and clearing of the bills submitted to the various depots, thereby bringing in more accountability and transparency.

The overdue payment of CSD, in the aggregate, as on 1st October 2004, was Rs. 298.81 Crores. Continuous efforts are made to obtain full budgetary allocation to clear the outstanding dues.